

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – THURSDAY 26 NOVEMBER 2020



Title of Report	COVID-19 SUPPORT: DISCRETIONARY GRANT FUNDING	
Presented by	Councillor Tony Gillard Business and Regeneration Portfolio Holder	
Background Papers	<u>Local Authority Discretionary Grant Fund – 29 May 2020</u>	Public Report: Yes
	<u>Local Lockdown Grant Fund: Discretionary Funding – Community Scrutiny Committee 28 October 2020</u>	Key Decision: Yes
Financial Implications	<p>The Council has been granted £2.07m to cover discretionary grant support to businesses to March 2022. This funding is intended to cover the period of national restrictions from 5 November to 2 December 2020 and any further periods of national restrictions until March 2022. Additionally, local authorities may utilise some of this funding to provide wider business support.</p> <p>The Council will also be provided additional funding for supporting businesses on a discretionary basis when local restrictions, under a High or Very High (Tier 2 or 3) Covid-19 threat level, are imposed. We will not know the amount of funding provided for this form of discretionary grant funding (under either of these scenarios) until relevant local restrictions have been announced.</p> <p>The Department for Business, Energy and Industrial Strategy (BEIS) has confirmed that they will complete a New Burdens assessment on the various streams of grant funding to provide local authorities with funding for administering the scheme.</p> <p>Signed off by the Section 151 Officer: Yes</p>	
Legal Implications	<p>The proposed policies attached at Appendices 1 and 2 are based upon guidance from BEIS.</p> <p>There is no automatic right of appeal against a decision not to award a grant, or against the value of any grant. The only further recourse available to applicants is a challenge by way of a judicial review, and/or a complaint to The Local Government and Social Care Ombudsman.</p> <p>Signed off by the Deputy Monitoring Officer: Yes</p>	

Staffing and Corporate Implications	<p>A small number of staff will need to be redeployed from across the council to administer grants if local restrictions are implemented. This will be undertaken in such a way that the impact on the delivery of other services and projects within the council is minimised.</p> <p>Signed off by the Head of Paid Service: Yes</p>
Purpose of Report	<p>To seek Cabinet approval for the: National Restrictions Discretionary Support Policy (Appendix 1); and Local Restrictions Discretionary Support Policy (Appendix 2), and obtain delegated authority to amend these policies to reflect any future changes in guidance.</p>
Reason for Decision	<p>To ensure the council can respond swiftly in the current national restrictions period and in the event of future periods of local or national restrictions.</p>
Recommendations	<p>THAT CABINET:</p> <ol style="list-style-type: none"> 1) APPROVE THE: NATIONAL RESTRICTIONS DISCRETIONARY SUPPORT POLICY (ADDITIONAL RESTRICTIONS GRANT) (APPENDIX 1); AND LOCAL RESTRICTIONS DISCRETIONARY SUPPORT POLICY (APPENDIX 2) 2) DELEGATES AUTHORITY TO THE SECTION 151 OFFICER, IN CONSULTATION WITH THE PORTFOLIO HOLDER FOR BUSINESS AND REGENERATION, TO: <ul style="list-style-type: none"> • UPDATE THESE DISCRETIONARY POLICIES IN RESPONSE TO FURTHER GUIDANCE OR CLARIFICATION FROM GOVERNMENT, TO REFLECT FUTURE RESTRICTIONS AND TO ENSURE THE SMOOTH ADMINISTRATION OF GRANTS; • VARY THE LEVEL OF GRANT AWARD TO INDIVIDUAL BUSINESSES AND ELIGIBILITY REQUIREMENTS TO ENSURE THE FAIR DISTRIBUTION OF GRANTS; AND • VARY THE ALLOCATION OF ADDITIONAL RESTRICTION GRANT FUNDS TO THE NATIONAL RESTRICTIONS DISCRETIONARY SUPPORT POLICY AND TO TOP UP THE LOCAL RESTRICTIONS DISCRETIONARY SUPPORT POLICY.

1.0 BACKGROUND

- 1.1 Between March and September 2020, North West Leicestershire District Council was responsible for administering grant schemes to support businesses in response to Coronavirus. These schemes were known as the: small business; retail, hospitality and leisure and discretionary grant funds and the council distributed £19.7m to 1,833 businesses within North West Leicestershire. These grant fund schemes were formally closed by the Department for Business, Energy and Industrial Strategy (BEIS) at the end of August 2020.
- 1.2 On 9 September 2020 the Chief Secretary to the Treasury announced that Government would provide businesses with additional grants in the event that they are asked to close as part of a local restriction. In the period leading up to the end of October, the Council had been making preparations to design its 'Local Lockdown Grant Fund: Discretionary Funding', with an outline policy presented to Community Scrutiny on 28 October ahead of approval planned for the November Cabinet meeting. However, due to delays in the revised guidance on the intended scheme from BEIS, the decision was taken to defer the report to the December Cabinet meeting.
- 1.3 On 31 October 2020 the government announced a 4 week period of national restrictions from 5 November 2020 to 2 December 2020. Following this announcement, further revisions of the grants guidance from the Department of Business, Energy and Industrial Strategy were published. The guidance outlines the various means of funding that Councils are to administer to support businesses affected by the November/December 2020 national restrictions, but also future periods of national and local restrictions under a High or Very High Covid-19 threat level. These various grants include discretionary grants (as set out in this report) as well as mandatory grants payable to businesses who occupy business premises. As such, it is important to confirm that grant applications for businesses in rateable business premises, covering the national lockdown period, launched on 16 November 2020.
- 1.4 Cabinet approval is now sought in respect of two discretionary schemes that will support businesses through this initial period of national restrictions and any future periods of national or local restrictions, where they are not funded via mandatory grants through the business rates system. Along with other support for businesses in rateable premises during periods of national or local Very High restrictions, these grants provide a system of business support grant schemes that work alongside to support those most affected by restrictions.
- 1.5 The National Restrictions Discretionary Support scheme, designed to support businesses through periods of national closure is proposed to commence on 30 November 2020 to cover the period of national restrictions from 5 November to 2 December 2020.
- 1.6 At the time of writing this report, it is anticipated that a further discretionary support scheme will be presented to Cabinet in due course to cover a wider and additional business support scheme. It will be proposed that an allocation from the remaining Additional Restrictions Grant Funding will be made for this purpose – please see section 3 for more detail.
- 1.6 Given the urgency of this decision, a exemptions from call-in has been obtained since any call-in would prevent timely launch of the scheme and hold back essential grant funding to local businesses in need.

2.0 PRINCIPLES GUIDING ALL DISCRETIONARY GRANT SCHEMES

- 2.1 In developing the grant policies proposed and appended to this report, the council has learnt lessons from the discretionary grant fund administered over the summer and developed the outline policy based on the three principles outlined below.

- 1. Getting payments to eligible businesses quickly is a priority.** Many businesses have already been severely affected by Coronavirus, and any additional period of closure is likely to add additional pressure to them. The need to have an application process means businesses will have to wait at least four weeks after restrictions are imposed before receiving a discretionary grant – it's therefore vital that the council's policy and processes ensure businesses get paid as quickly as possible.
- 2. We will retain the flexibility to vary payment amounts to ensure we maximise the amount of support we provide.** Having a flexible approach in the summer's discretionary grant fund allowed the council to increase the amount paid out in response to lower than anticipated demand for funds. Given demand will be similarly uncertain for the LRDG, the outline policy gives authority to the Section 151 Officer, in consultation with the Portfolio Holder for Business and Regeneration, to vary the payment amounts to businesses based on the applications received; thus ensuring the council provides the maximum support possible to businesses.
- 3. We will streamline the eligibility criteria to reduce the complexity of the grant scheme.** The discretionary grant scheme administered in summer had complex eligibility requirements, which resulted in a complex application process that some businesses found frustrating and meant officers needed to enter a dialogue with most applicants in order to receive all of the evidence required. Businesses are likely to find a similar application process even more challenging for local restrictions, as there may not have the data available to evidence loss of income or costs over a shorter period. The eligibility for the LDGR will therefore focus on whether the business has closed in response to the local restrictions. This approach closely follows BEIS' guidance.

3.0 NATIONAL RESTRICTIONS DISCRETIONARY SUPPORT POLICY (ADDITIONAL RESTRICTIONS GRANT) – APPENDIX 1

- 3.1 The Council has been allocated a one-off £2.07m Additional Restrictions Grant to cover discretionary grant support to businesses to March 2022. This funding is intended to cover:
- The period of national restrictions from 5 November to 2 December 2020;
 - Any further periods of national restrictions until March 2022 and
 - Any wider grant funding to support businesses more widely.
- 3.2 In their guidance, BEIS set out that Local Authorities can determine how much funding to provide to businesses from the Additional Restrictions Grant funding provided (£2.07m) and exactly what businesses to target. Local Authorities are encouraged to develop discretionary grant funds to help those businesses which, while not legally forced to close, are severely impacted by the restrictions in place and can also choose to help businesses outside of the business rates system which are effectively forced to close.

- 3.3 BEIS also set out that Local Authorities can use Additional restrictions Grant Funding to provide wider business and additional support to larger local businesses important to the local economy.
- 3.4 Finally, BEIS state that Local Authorities can also use this funding to top-up discretionary grants that will be administered in the High or Very High (Tier 2 or 3) Covid-19 alert system.
- 3.5 The Council's proposed scheme is detailed in Appendix 1.
- 3.6 Given the potential for there to be further calls on this funding for the purposes of supporting businesses through future periods of national restrictions, providing wider business support and potentially topping-up funding for the Local Restrictions Discretionary Grants funding, it is proposed that £500k of the £2.07m (24%) is allocated to provide businesses with discretionary grants in response to the November/December 2020 national restrictions period.
- 3.7 In line with the delegations within the recommendation, the Council proposed to reserve the right to alter this allocation if required to ensure fair distribution to businesses and manage the chance of future national restriction periods.
- 3.8 Dependent on a business' circumstances, there are two ways under this policy that businesses can be supported:

A) Grants for businesses that have been forced to closed. This scheme will complement the local restrictions support grant by supporting businesses that have been forced to close for the majority of the lockdown period but are not eligible for the Local Restrictions Support Grant. This includes non-ratepaying businesses that have been required to close by law and businesses that were not required to closed, but have done so for whatever reason (e.g. due to supply chain issues or lack of business). Full details can be found in section 4 of the policy at Appendix A.

Businesses will be paid grants equivalent to the mandated Local Restrictions Support Grant, as detailed below.

Rateable value, annual rent or annual mortgage costs	ARG – A Grant amount (for a 4 week lockdown period)
£15,000 or under	£1,334
£15,001 – £50,999	£2,000
£51,000 or over	£3,000

B) Grants for businesses severely affected, but not closed. This scheme is for businesses that did not close for the majority of the lockdown period, but have nonetheless been severely affected by it. Full details are included in section 5 of the policy at Appendix A.

Government has advised that Local Authorities may want to take into account the level of fixed costs faced by the business in question, the number of employees, whether businesses have had to close completely and are unable to trade online, and the consequent scale of Covid-19 losses.

The Council has considered this statement and whilst such an approach might be both desirable, it is not considered achievable given the imperative to make payments quickly and the challenge of evidencing some of these requirements. The Council has concluded that a much simpler approach is required. The council will, therefore, pay businesses the lower of:

- The amount requested by the business;
- An equal share of the funding available; or
- £3,000.

- 3.9 As detailed above, officers plan to present a further discretionary support scheme to Cabinet in due course to cover a wider and additional business support scheme. It will be proposed that an allocation from the remaining Additional Restrictions Grant Funding will be made for this purpose.

4.0 LOCAL RESTRICTIONS DISCRETIONARY SUPPORT POLICY – APPENDIX 2

- 4.1 The Council will receive separate funding to support businesses on a discretionary basis where High or Very High (Tier 2 or 3) local restriction periods are in place for 28 days or longer.
- 4.2 The Local Restrictions Support Grant (Open) funding is intended to support those businesses that will be hardest hit by nationally imposed local restrictions – namely, those within the hospitality, hotel, bed & breakfast and leisure business.
- 4.3 Funding for this support will be provided based on the number of businesses within these industries according to the Valuation Office Agency's rating list, with a small top-up of 5% for businesses that fall outside of the ratings system.
- 4.4 It is important to note that there is a separate, mandatory grant scheme for businesses that are required to close by the local restrictions and occupy a rateable premise.
- 4.5 The proposed policy is set out at Appendix B.
- 4.6 Government's guidance suggests that authorities may wish to offer grants based on the rateable value of properties, including:
- £934 per 28-day period of restrictions for businesses occupying properties with a rateable value of £15,000 or under;
 - £1,400 per 28-day period of restrictions for businesses occupying properties with a rateable value between £15,001 and £50,999;
 - £2,100 per 28-day period of restrictions for businesses occupying properties with a rateable value of £51,000 or over.
- 4.7 The council will use these values as a guide, but will also look to ensure parity between ratepaying and non-ratepaying businesses in determining the value of grants awarded. The council does not believe that the 5% top-up of funding provided by Government will be enough to enable parity. There is also a risk that the funding provided by government will not cover all businesses in rateable premises due to inaccuracies in the stated use of a property within the Valuation Office Agency's data.

- 4.8 Grant values will, therefore, be determined once all applications have been received, and the council will look to amend the above values to the level that ensures all the available funding is distributed to businesses.
- 4.9 The council may also, at its discretion, look to top-up the funding available for these grants with funding from the Additional Restrictions Grant. This will depend on the amount of funding remaining within the Additional Restriction Grants and how long that funding is likely to be needed to last.

5.0 GRANT FUNDING AND FINANCIAL IMPLICATIONS

- 5.1 The Council has been granted £2.07m to cover discretionary grant support to businesses to March 2022. This funding is intended to cover the period of national restrictions from 5 November to 2 December 2020 and any further periods of national restrictions until March 2022. Additionally, local authorities may utilise some of this funding to provide wider business support.
- 5.2 The Council will also be provided additional funding for supporting businesses on a discretionary basis when local restrictions, under a 'High or Very High Covid-19 threat level, are imposed. We will not know the amount of funding provided for discretionary grant funding under either of these scenarios until relevant local restrictions have been announced.
- 5.3 The principles outlined in this report seek to minimise the financial risk to the Council from administering the above funding in the event of national or local restrictions having been imposed for a specified period. The primary risk is that we pay businesses more than we receive in funding, leaving the council to fund the shortfall.
- 5.4 The Department for Business, Energy and Industrial Strategy (BEIS) has confirmed that they will complete a New Burdens assessment on the various streams of grant funding to provide local authorities with funding for administering the scheme. At the time of writing this report we await further confirmation of the value of this funding.

6.0 FEEDBACK FROM THE COMMUNITY SCRUTINY COMMITTEE

- 5.1 The Community Scrutiny Committee considered the principles set out in this report (which have been taken forward into the redesigned schemes presented) at their meeting on 28 October 2020. There were no comments from the Members of this committee.

Policies and other considerations, as appropriate	
Council Priorities:	Support for businesses and helping people into local jobs
Policy Considerations:	This is a new policy for new grant schemes.
Safeguarding:	None.
Equalities/Diversity:	Administration of the grants will be via an e-form available on our website. Where businesses are unable to complete a form online we will provide a paper copy.
Customer Impact:	The redeployment of staff may have a negative impact on the delivery of other services. We will not know where staff will be redeployed from, and therefore what services may be affected, until this grant scheme is triggered.
Economic and Social Impact:	The administration of this policy will work to reduce the economic impact from businesses being required to close in response to coronavirus restrictions.
Environment and Climate Change:	None
Consultation/Community Engagement:	Business and Regeneration Portfolio Holder Leader of the Council Deputy Leader of the Council Corporate Portfolio Holder NWLDC's Economic Recovery Cell and Strategic Coordination Group Community Scrutiny Committee
Risks:	<p>The policies proposed seek to minimise the financial risk to the Council from administering the above funding in the event of national or local restrictions having been imposed for a specified period. The primary risk is that we pay businesses more than we receive in funding, leaving the council to fund the shortfall.</p> <p>Other risks include:</p> <ul style="list-style-type: none"> - Potential fraud and error in applications, which is mitigated by a robust application process. - Damage to the Council's reputation, through poor administration or because the grants available to not meet business' expectation.
Officer Contact	Tracy Bingham Head of Finance and Section 151 Officer Tracy.bingham@nwleicestershire.gov.uk